

# ***Alaska Visitor Statistics Program V Interim Visitor Volume Report***

*Summer 2009*

**Prepared for:**

***State of Alaska***

*Department of Commerce, Community  
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Research-Based Consulting

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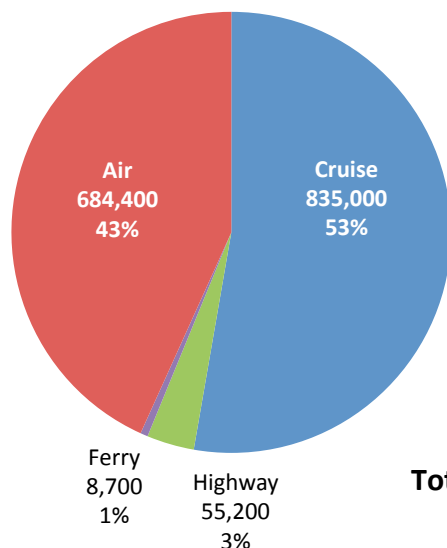
# Key Findings

## Visitor Volume, Summer 2009

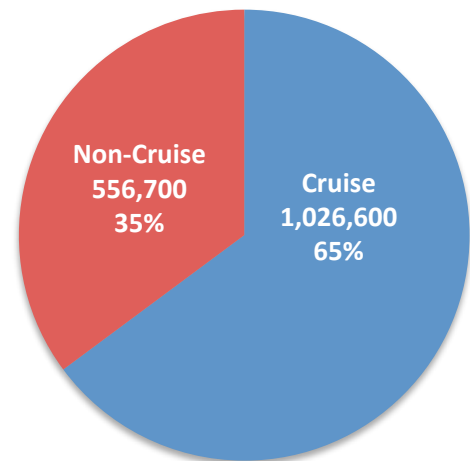
Nearly 1.6 million out-of-state visitors came to Alaska between May and September, 2009. Over half of these visitors (53 percent) exited the state via cruise ship; 43 percent exited via air; 3 percent exited via highway; and 1 percent exited via ferry.

Because some cruise ship visitors exit the state by air after completing their cruise, it is also useful to consider volume in terms of cruise and non-cruise visitors. As the chart below shows, 65 percent of all summer visitors spent at least one night on a cruise ship while in Alaska.

**Alaska Visitor Volume, Summer 2009  
By Exit Mode**



**Cruise Market Share, Summer 2009**



**Total Visitors: 1.58 million**

## Changes 2008-2009

Visitation to Alaska dropped an estimated 7.3 percent between summer 2008 and 2009. While cruise passenger volume remained essentially the same, air visitor traffic decreased by 15 percent (from 800,600 to 684,400). Highway exits were down by 8 percent, while ferry exits decreased by 16 percent. (See table, next page.)

The visitor volume figures for air, ferry, and highway are based on visitor/resident ratios collected in summer 2006.<sup>1</sup> Additional information was taken into account to adjust the 2006 ratios, including: a survey of 172 visitor businesses on their 2009 season; reports from air carriers and the Alaska Marine Highway on resident travel; reports from cruise lines on in-state travel; and changes in bed tax revenues reported by municipalities.

<sup>1</sup> Because cruise passengers are assumed to be 100 percent visitors, and cruise passenger data is more measurable, there is less uncertainty in the cruise volume figures.

The decline of 7.3 percent may appear low in light of the large decreases felt by many businesses in the state. It is important to keep several factors in mind when considering the overall decrease:

- Total cruise passenger traffic was flat; because cruise visitors represent two-thirds of overall visitation, they off-set the significant declines in the other modes.
- While total cruise passenger volume to Alaska did not change, there was a significant decrease in the number of passengers who purchased land tours, translating to less in-state travel, particularly to Fairbanks and Denali. These decreases are not reflected in total traffic volume.
- Because visitors were reportedly spending less money while in-state, their impact in terms of dollars spent was more dramatic than their decrease in volume.

### Visitor Volume, by Exit Mode, Summers 2008-09

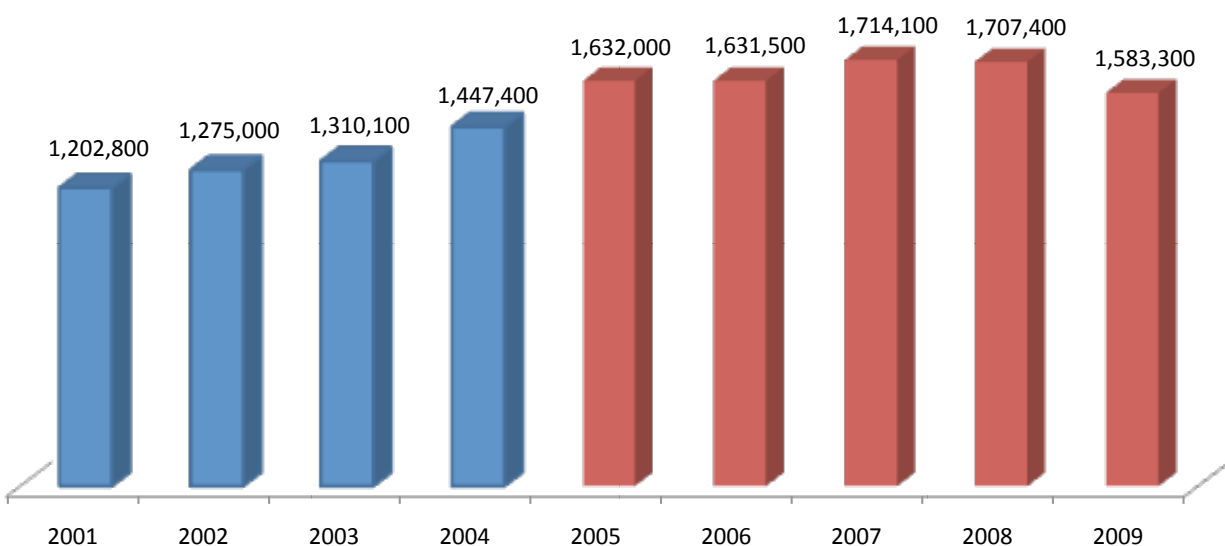
Exit Mode	2008	2009	% change
Air	800,600	684,400	-14.5%
Cruise ship <sup>1</sup>	836,500	835,000	-0.2%
Highway	59,900	55,200	-7.8%
Ferry	10,400	8,700	-16.3%
<b>Total</b>	<b>1,707,400</b>	<b>1,583,300</b>	<b>-7.3%</b>

<sup>1</sup> The total number of cruise ship visitors to Alaska in Summer 2009 was 1,026,600, including passengers exiting Alaska by air after completing their cruise.

### Visitor Volume Trends

The chart below shows trends in estimated visitor volume, measured by mode of entry (2001-04) and exit (2005-09). Summer 2009 shows the first measurable drop in visitation in nearly a decade, and the largest drop since McDowell Group started tracking visitor traffic in 1985.

### Summer Visitor Volume to Alaska, 2001-2009



Sources: 2001-04 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-09 data based 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

## Additional Visitor Industry Indicators

The table on the following page presents additional indicators that help describe the 2009 season. (Several of the indicators were gathered for purposes of the study *The Economic Impact of Alaska's Visitor Industry*, commissioned by the Alaska Department of Commerce, Community and Economic Development.)

- Domestic air passenger traffic exiting Alaska was down in every market, ranging from 7 percent in Fairbanks to 20 percent in Sitka, for a total decline of 10 percent. While resident travel is included in these figures, resident air travel was reported to have held fairly steady in summer 2009. International air traffic was likewise down, by 8 percent.
- Cruise passenger traffic was down only 1 percent between 2008 and 2009; however, cruise passengers were traveling less within the state. Based on information provided by cruise lines on 2008-to-2009 shifts in the land tour market (passengers that purchase overnight tours, generally to Denali and Fairbanks, in addition to their cruise), it is estimated that land tour volume dropped 13 percent between 2008 and 2009.
- Some of the more striking declines can be seen in bed tax revenues, with declines ranging from 14 percent in Denali to 30 percent in Sitka. The increase in Valdez' bed tax revenues likely reflects their relative dependence on the in-state market. (In viewing these figures, it is important to keep in mind that these declines reflect decreases in prices as well as room nights.)
- Anchorage showed a 23 percent decrease in vehicle rental tax revenues, and a 26 percent decrease in RV rental tax revenues. As with bed tax revenues, these figures likely reflect decreases in prices as well as rentals.
- Department of Fish and Game license sales show a 16 percent decline in non-resident fishing license sales between 2008 and 2009, reinforcing reports from lodge and charter operators. While hunting licenses were down only 2 percent, big game tags were down 18 percent.
- While sales tax revenues are not direct indicators of visitor spending, as they reflect both resident and non-resident spending, it is interesting to note that sales tax revenues were down 16 percent in Sitka, 12 percent in Juneau, and 9 percent in Skagway. The Skagway figure is particularly indicative of the visitor market, as visitor spending represents the vast majority of spending on goods and services in Skagway during the 2<sup>nd</sup> and 3<sup>rd</sup> quarters.

## Summer 2009 Visitor Industry Indicators

Change 2008 to 2009	
<b>Domestic airplane passengers exiting Alaska, May-September</b>	
Anchorage	-10%
Fairbanks	-7%
Juneau	-15%
Ketchikan	-12%
Sitka	-20%
Other	-6%
<b>Total</b>	<b>-10%</b>
<b>International airplane passengers exiting Alaska, May-September</b>	
Anchorage	-9%
Fairbanks	-8%
<b>Total</b>	<b>-8%</b>
<b>Cruise passenger traffic</b>	
Total passenger volume	-1%
Land tour volume	-13%
<b>Out-of-state ferry passenger volume</b>	
Total	-16%
<b>Bed Tax Revenues, April-September</b>	
Anchorage	-22%
Fairbanks	-18%
Denali	-14%
Juneau	-28%
Mat-Su	-10%
Sitka	-30%
Valdez	+7%
<b>Vehicle Rental Tax Revenues, April-September</b>	
Anchorage car rental	-23%
Anchorage RV rental	-26%
<b>Department of Fish and Game License Sales</b> (calendar years 2008 and 2009)	
Nonresident sport fishing licenses	-16%
Nonresident King Salmon tags	-18%
Nonresident hunting licenses	-2%
Nonresident big game tags	-18%
<b>Sales Tax Revenues, April-September</b>	
Juneau	-12%
Skagway	-9%
Sitka	-16%

Sources: Alaska Airlines, Ted Stevens Anchorage International Airport, Fairbanks International Airport, Cruise Line Agencies of Alaska, cruise lines, Alaska Marine Highway, Alaska Department of Fish and Game, and the municipalities/boroughs of Anchorage, Fairbanks, Denali, Juneau, Mat-Su, Sitka, Valdez, Skagway, and Sitka.

This report provides visitor volume estimates for Alaska between May 1 and September 30, 2009. The last primary data collection on visitor volume was conducted (by McDowell Group) in 2006-07 as part of the *Alaska Visitor Statistics Program V* (AVSP). Visitor/resident ratios were collected at airports, onboard ferries, and at border stations as visitors exited Alaska. Since 2006-07, McDowell Group has estimated visitor volume by applying 2006-07 visitor/resident ratios, by month and location, to traffic statistics (ferry embarkations, highway exits, and airplane enplanements). To arrive at initial volume estimates, this exercise was completed for the summer 2009 study period.

Because the 2009 season was so different from previous years in terms of visitor volume, and because it has been three years since the original ratios were determined, the original summer 2009 visitor volume estimates were adjusted to more accurately reflect the latest visitor season. (This study task was included in the scope of work for the study *The Economic Impact of Alaska's Visitor Industry*, commissioned by the Alaska Department of Commerce, Community and Economic Development.)

In order to gather information on the 2009 season, and how it differed in terms of visitor volume from previous seasons, a survey of visitor industry businesses was conducted in early 2010. A total of 172 businesses were interviewed by the study team. Specific businesses were targeted in order to obtain a representative cross-section of visitor businesses across business type and location, as well as businesses representing the largest amount of visitors (cruise lines, Alaska Railroad, Alaska Airlines, etc.). Most businesses were selected from the mailing list of the Alaska Travel Industry Association. Other sources included the websites of Convention and Visitors Bureaus and *The Milepost* guidebook.

Businesses were asked about their visitor markets (cruise, air, highway/ferry), seasonality, and percentage increase or decrease in 2008-09 in both visitor volume and gross sales, among other questions. Nearly all businesses contacted were willing to participate, and often offered additional perspectives on the 2009 season, and/or described factors affecting their particular business.

Additional sources considered in the volume adjustments included:

- Information provided by Alaska Airlines and Alaska Marine Highway on resident travel.
- Land tour passenger volume data provided by cruise lines.
- Bed tax revenues collected from the following municipalities and boroughs: Anchorage, Fairbanks, Denali, Juneau, Mat-Su, Sitka, and Valdez. (Other communities either did not have a bed tax or were unable to provide 2009 data.)
- Vehicle rental tax revenues collected from the Municipality of Anchorage.
- Fishing and hunting license sales data from the Alaska Department of Fish and Game.
- Previous studies conducted by McDowell Group, including economic impact studies for the Juneau Convention and Visitors Bureau, Ketchikan Visitors Bureau, and the Alaska Cruise Association.

- Employment data from the Alaska Department of Labor and Workforce Development.

A detailed description of the methodology employed in the visitor volume estimates can be found in the full AVSP V Summer and Fall/Winter reports, available at: [www.dced.state.ak.us/oed/toubus/home.cfm](http://www.dced.state.ak.us/oed/toubus/home.cfm)

The AVSP V study team would like to acknowledge the following entities for their assistance with the project.

Alaska Travel Industry Association  
Ted Stevens Anchorage International Airport  
Fairbanks International Airport  
Alaska Airlines  
Alaska Marine Highway System  
Yukon Department of Tourism and Culture  
Cruise Line Agencies of Alaska  
U.S. Customs and Border Protection, Skagway border station



# Visitor Volume, Summer 2009

## Visitor Volume

Alaska received nearly 1.6 million out-of-state visitors between May and September 2009. The table below shows how visitor volume breaks down by the transportation mode used to exit the state. The most common exit mode was cruise ship, accounting for 835,000 visitor exits. (The total number of cruise ship visitors in summer 2009 was 1,026,600; approximately 200,000 of these visitors exited via other modes, predominately air, after completing their cruise.) The other major exit mode was air, accounting for 684,400 visitors. Highway and ferry combined accounted for 70,000 visitors. (Many highway visitors exit the state by ferry, and vice versa.)

**Visitor Volume, by Exit Mode**  
**AVSP V - Summer 2009**

Exit Mode	Number of Visitors
Cruise ship <sup>1</sup>	835,000
Air	684,400
Highway	55,200
Ferry	8,700
<b>Total</b>	<b>1,583,300</b>

<sup>1</sup> The total number of cruise ship visitors to Alaska in Summer 2009 was 1,026,600, including passengers exiting Alaska by air after completing their cruise.

Out of the total 1.58 million visitors in summer 2009, the vast majority (1.3 million) were traveling for vacation or pleasure. The second most-common trip purpose was visiting friends or relatives, accounting for nearly 150,000 summer visitors. Those traveling for business only accounted for 79,200 visitors, and those combining business and pleasure accounted for 63,300. (These figures are derived from applying trip purpose rates by exit mode from the summer 2006 AVSP survey to 2009 volume figures.)

**Visitor Volume, by Trip Purpose**  
**AVSP V - Summer 2009**

Trip Purpose	Number of Visitors
Vacation/pleasure	1,298,300
Visiting friends/relatives	142,500
Business	79,200
Business/pleasure	63,300
<b>Total</b>	<b>1,583,300</b>

## Total Traffic

“Total traffic” refers to the number of people exiting Alaska during the study period, including both Alaska residents and out-of-state visitors. These figures include passengers onboard planes exiting the state; cruise passengers sailing southbound from Alaska ports to non-Alaska ports; passengers in vehicles crossing from Alaska to the Yukon on the four highways; and passengers onboard Alaska Marine Highway vessels sailing from Alaska to Prince Rupert and Bellingham. Excluded from the highway figure are cruise passengers on day tours from Skagway who cross the border into Canada, then return to Skagway the same day.

### Total Traffic, by Exit Mode AVSP V - Summer 2009

Exit Mode	Total Traffic
Air	1,014,000
Cruise ship <sup>1</sup>	835,000
Highway	171,500
Ferry	15,700
<b>Total</b>	<b>2,036,100</b>

<sup>1</sup> The total number of cruise ship visitors to Alaska in Summer 2009 was 1,026,600.

## Visitor/Resident Ratios

The following table shows the percentage of traffic for each exit mode that was out-of-state visitors in summer 2009. These ratios are a composite of ratios collected by location, on a monthly basis. Because they were applied to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results. Details on how these ratios were collected and applied to traffic data can be found in the AVSP V Summer 2006 report.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

### Visitor/Resident Ratios, by Mode AVSP V - Summer 2009

Exit Mode	Percentage Visitors
Domestic Air	67.3%
International Air	77.2%
Highway <sup>1</sup>	32.2%
Ferry	55.5%
Cruise ship	100.0%
<b>Total</b>	<b>77.8%</b>

<sup>1</sup> The highway ratio refers to “last-exit” visitors: not planning to re-enter Alaska on the same trip.

# Visitor Volume Trends

## Visitor Volume

The table below shows trends in estimated visitor volume by mode of entry (2001-04) and exit (2005-09). The change from entry to exit methodology does not affect the data; the same number of visitors entered Alaska as exited Alaska in any given year. However, a large increase appears between the two sets of data: visitation appears to have increased 13 percent between 2004 and 2005. This is not a real increase in visitation, but rather a reflection of updated data sources and methodology. For further detail on the differences between the two sets of data, please refer to the full *Alaska Visitor Statistics Program V, Summer 2006* report.

The summer of 2009 saw a 7.3 percent decrease in visitor volume from summer 2008, or 124,100 fewer visitors. While cruise passenger volume remained essentially the same, air visitor traffic decreased by 15 percent (from 800,600 to 684,400). Highway exits were down by 8 percent, while ferry exits decreased by 16 percent.

### Trends in Visitor Volume, By Entry/Exit Mode, 2001-2009 AVSP V - Summer 2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009	% change 2008-09
Air	588,900	594,300	592,900	635,600	786,700	795,900	811,300	800,600	684,400	-14.5%
Cruise ship	510,000	581,000	620,900	712,400	761,100	758,100	827,800	836,500	835,000	-0.2%
Highway	86,700	82,900	80,400	83,200	72,100	65,800	64,300	59,900	55,200	-7.8%
Ferry	17,200	16,800	15,900	16,200	12,100	11,700	10,700	10,400	8,700	-16.3%
<b>Total</b>	<b>1,202,800</b>	<b>1,275,000</b>	<b>1,310,100</b>	<b>1,447,400</b>	<b>1,632,000</b>	<b>1,631,500</b>	<b>1,714,100</b>	<b>1,707,400</b>	<b>1,583,300</b>	<b>-7.3%</b>
<b>% change</b>	<b>n/a</b>	<b>+6.0%</b>	<b>+2.8%</b>	<b>+10.5%</b>	<b>+12.8%</b>	<b>0.0%</b>	<b>+5.1%</b>	<b>-0.4%</b>	<b>-7.3%</b>	

Note: 2001-04 data based on entry mode; 2005-09 data based on exit mode.

Sources: 2001-04 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-09 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

## Cruise Volume Trends

The table below shows that total cruise passenger volume was essentially flat the last two years after a significant (7 percent) increase in 2007. Readers are reminded that the cruise traffic cited previously refers only to cruise passengers either exiting or entering the state via cruise ship. The total cruise volume in the table below includes all visitors who overnighted on a cruise ship during their visit to Alaska, regardless of their mode of entry/exit.

### Alaska Cruise Passenger Volume, 2001-2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cruise volume	690,600	739,800	777,000	884,400	953,400	958,900	1,029,800	1,033,100	1,026,600
% change	+7.8%	+7.1%	+5.0%	+13.8%	+7.8%	+0.6%	+7.3%	+0.3%	-0.6%

Source: Cruise Line Agencies of Alaska.

## Total Traffic

The following table, showing total traffic data (as opposed to visitor volume), provides another method for comparison between the two sets of data for individual travel modes.

### Trends in Traffic, By Entry/Exit Mode, 2001-2009 AVSP V - Summer 2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009	% change 2007-08
Air	992,700	1,006,000	1,003,000	1,075,000	1,103,900	1,117,900	1,142,900	1,130,500	1,014,000	-10.3%
Cruise ship	510,000	581,000	620,900	712,400	761,100	758,100	827,800	836,500	835,000	-0.2%
Highway	222,400	213,900	207,300	210,900	214,500	199,300	194,200	175,400	171,500	-2.2%
Ferry	24,100	23,700	22,400	22,800	17,800	17,500	16,400	15,300	15,700	+2.6%
<b>Total</b>	<b>1,749,200</b>	<b>1,824,600</b>	<b>1,853,600</b>	<b>2,021,100</b>	<b>2,097,300</b>	<b>2,092,800</b>	<b>2,181,300</b>	<b>2,157,700</b>	<b>2,036,100</b>	<b>-5.6%</b>
<b>% change</b>		<b>+4.3%</b>	<b>+1.6%</b>	<b>+9.0%</b>	<b>+3.8%</b>	<b>-0.2%</b>	<b>+4.2%</b>	<b>-1.1%</b>	<b>-5.6%</b>	

Sources: 2001-04 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-09 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Note: Highway traffic for 2001-04 was adjusted to be comparable to 2005-09 data. Traffic data for 2001-04 excluded vehicles that entered the state twice ("double-counted" traffic).